



# Role of the Public Service Commission in Renewable Power Development



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# Agenda



- What is the Public Service Commission (PSC)
- How the PSC could be involved in renewable energy
- Qualified Facilities (QFs)
- Turnbull example
- Limitations of the PSC
- Questions





*Presentation is based on my knowledge and experience. It does not represent the Public Service Commission or any Commissioner. Information provided is for educational purposes only.*





# What is the PSC?



- Regulate Monopolies
  - Includes telecommunication, transportation, electric and gas

"It is the responsibility of the PSC to ensure that public utilities in Montana provide adequate service to customers at reasonable rates. In its decisions, the commission tries to balance the interests of ratepayers who are concerned about utility costs with the utilities' need to have the opportunity to earn a fair rate of return on their investment." <http://www.psc.mt.gov/Commission/workings.asp>





# What is the PSC?



- Actions of NorthWestern Energy and Montana Dakota Utilities must get approval
  - Rates
  - Large Purchases, including Power Purchase Agreements (PPAs)
  - Resource plans
- Actions done inside of dockets (contested) or rule making
  - Complaints by consumers
  - Annual filings, e.g. price trackers/rate filings
  - Pre-approval, Mill Creek construction
  - PSC initiated, e.g. Renewable Portfolio Standard





# What is the PSC?



- Other states called Public Utilities Commission, Commercial Commission, Utility Regulatory Commission
- Five Commissioners, partisan elections
  - District 1: Greg Jergeson (Hi-line)
  - District 2: Brad Molnar (SE MT)
  - District 3: John Vincent (SW and Central MT)
  - District 4: Gail Gutsche (W and NW MT)
  - District 5: Ken Toole (Central and NW MT)





# PSC and Renewable Energy



- PSC would be involved if a regulated utility is involved (NWE)
  - Pre-authorization
    - PPA
    - Acquisition of company owned generation
  - Qualified Facility (QF) disputes
  - Certification of community and renewable resources for RPS





# PURPA/QFs



- The Public Utility Regulatory Policies Act (PURPA) requires public utilities to purchase energy and/or capacity from Qualified Facilities (QF) at rates that do not discriminate against the QFs, are just and reasonable to electric consumers, and are in the public interest.
- PURPA does not allow a rate that exceeds the “incremental cost” to the electric utility.
- Section 69-3-603, MCA, states that if a QF and a public utility are unable to mutually agree to the rate the public utility will pay for the QF’s electricity, or related conditions, the PSC must determine the rates and conditions “upon petition of a [QF] or a utility or during a rate proceeding involving the review of rates paid by a utility for electricity purchased from a [QF].”







# Turnbull Case Study



- 13 MW of hydro on existing irrigation canal
- NWE engaged in PPA with Turnbull
- Needed declaratory ruling to approve as community and renewable resource, under RPS





# Limitations

- The PSC is a quasi-judicial agency. Decisions must be supported by evidence in the docket.
- Cannot make decisions that are not supported evidence.
  - But, there are many variables that can be considered
  - The main controversy, in my opinion, is over long-term cost control vs. short term
- Major decisions have to be made within a docket or rule making.





# Questions

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# Resources



- <http://www.psc.mt.gov/Commission/workings.asp>
- FERC – PURPA information: <http://www.ferc.gov/industries/electric/gen-info/qual-fac/what-is.asp>
- Turnbull Hydro project : [www.northwesternenergy.com/display.aspx?Page=Turnbull](http://www.northwesternenergy.com/display.aspx?Page=Turnbull)

